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ZNR UUUUU ZZH
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FM AMCONSUL SAO PAULO
TO RUEHC/SECSTATE WASHDC IMMEDIATE 8624
INFO RHEHNSC/NATIONAL SECURITY COUNCIL WASHDC IMMEDIATE
RUEHBR/AMEMBASSY BRASILIA PRIORITY 9761
RUEHRI/AMCONSUL RIO DE JANEIRO PRIORITY 8889
RUCPDOG/USDOC WASHDC 3188

UNCLAS SAO PAULO 000554

SIPDIS

STATE INR/R/MR; IIP/R/MR; WHA/PD

DEPT PASS USTR

USDOC 4322/MAC/OLAC/JAFEE

E.O. 12958: N/A

TAGS: [KMDR](#) [OPRC](#) [OIIP](#) [ETRD](#) [XM](#) [XR](#) [BR](#)

SUBJECT: GLOBAL ECONOMY/FINANCIAL CRISIS; U.S. ELECTIONS

Rhythms of the crisis

Editorial in liberal Folha de S. Paulo commenting on the U.S. financial crisis (10/17) says: "...It is important to note that the stage where fears concerning the solvency of the world's major financial conglomerates is beginning to be left behind - however absolutely everything, in this crisis, is subject to quick changes. Concerns over the crisis' impact on consumption, production and jobs sectors are beginning to prevail.... Brazil does not print dollars, or Euros; nor does it have a virtually unlimited fiscal capability of the rich countries to face the crisis. But, the Brazilian authorities have the chance that its counterparts in developed nations didn't have, to act in anticipation to prevent the worst effects of the crisis... It is not enough to administer in the short term, in the compulsories and in the exchange rate. It is necessary to launch a broad fiscal answer, based on the freezing of public expenses, so that the country has better conditions to overcome a difficult and unstable year as 2009 will be."

The Last Debate

Editorial in liberal Folha de S. Paulo (10/17) comments: "The third and last debate between the candidates for the U.S. presidency, last Wednesday, showed to be more interesting than the previous ones...However, an incontrovertible victory by the Democratic candidate over Mc Cain has not occurred, even though Obama performed well and showed himself to be more confident and direct. The numbers overall seem to reproduce a favorable feeling for the Democratic candidate.... Before these numbers, very few times a direct debate seemed to be so irrelevant to influence the results of an election. It represented more of a ritual to be accomplished than a decisive moment. The devastating economic crisis overshadowed the electoral debate and directly harmed John McCain's situation. At 18 days until the elections, it is more and more difficult for the Republican candidate to change the game - though a turnaround, given the extreme special circumstance of the contest, cannot be discarded."

White